

Message Text

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PAGE 01 MTN GE 01526 061322Z

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 003

C O N F I D E N T I A L MTN GENEVA 1526

EXDIS

PASS WHITE HOUSE FOR SEIDMAN, KOSTERS

PASS STR FOR GUENTHER

STATE FOR GLITMAN

PASS TREASURY FOR MACDONALD, PARSKY, WORTHINGTON

PASS AGRICULTURE FOR YEUTTER, HUME

E.O. 11652: GDS-3

TAGS: GATT, ETRD

SUBJECT: MTN: SUBSIDIES NEGOTIATION/U.S. COUNTERVAIL
DISCRETION

REF: MTN GENEVA 1525

1. THIS CABLE SETS OUT SOME FACTORS FOR CONSIDERATION IN MAKING JUDGMENTS OF WHETHER SECTION 303(D)(2)(B) AND (C) CRITERIA ARE CURRENTLY MET. MTN HAS ONLY JUST BEGUN AND IS IN ORGANIZATIONAL PHASE. SUBSIDIES AND COUNTERVAIL HAS BEEN CHOSEN AS ONE OF FOUR INITIAL CATEGORIES OF WORK OF NTM (NONTARIFF MEASURES) GROUP. THIS WORK WILL PROBABLY BEGIN MID-APRIL (DATE NOT YET SET).

2. EC, SEE REFTTEL, WILL INSIST ON VERY SUBSTANTIAL ROLE FOR AGRICULTURE GROUP IN ANY CONSIDERATION OF AGRICULTURAL SUBSIDIES. EC STATED THAT "IN REGARD TO
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AGRICULTURAL QRS AND EXPORT SUBSIDIES, THESE SHOULD BE

REFERRED TO THE AGRICULTURE GROUP. IN THESE FIELDS, PRACTICES ARE SO CLOSE TO OVERALL AGRICULTURAL POLICIES, THEY SHOULD BE DISCUSSED OR NEGOTIATED IN THE AGRICULTURE GROUP." EC HAS NOT REPEAT NOT INSISTED ON EXCLUSIVE JURISDICTION OF AGRICULTURAL GROUP IN THIS MATTER. IN PRACTICE, IN JUDGMENT MTN DEL, EC WILL INSIST THAT AT A MINIMUM AGRICULTURE GROUP REVIEW GENERAL SUBSIDIES RULES DEVELOPD IN NONTARIFF MEASURES (NTM) GROUP. FURTHERMORE, IT WOULD BE CONSISTENT WITH EC POSITION FOR EC TO INSIST ACTUAL NEGOTIATION THIS ASPECT OF SUBSIDIES TAKE PLACE IN AGRICULTURE GROUP.

3. THUS WHETHER THERE WILL BE SUCCESSFUL COMPLETION OF SUBSIDIES CODE CAN ONLY BE A MATTER OF SPECULATION DURING THIS WEEK WHEN WORK OF NONTARIFF MEASURE (NTM) COMMITTEE JUST BEING ORGANIZED. IN MY JUDGMENT, THERE IS A "REASONABLE PROSPECT THAT SUCCESSFUL (NTB) TRADE AGREEMENTS WILL BE ENTERED INTO," INCLUDING AGREEMENT ON SUBSIDIES/COUNTERVAIL, ALTHOUGH LATTER NEGOTIATION WILL NEITHER BE AN EASY NOR A SHORT ONE. THIS JUDGMENT IS ONE THAT WILL HAVE TO BE REVIEWED PERIODICALLY ESPECIALLY IF EC IN FUTURE SHOULD INSIST THAT SUBSIDIES WORK IN NONTARIFF MEASURES GROUP IS NOT APPLICABLE TO AGRICULTURAL PRODUCTS. FURTHERMORE, TO THE EXTENT THAT CONTRARY TO U.S. POSITION SUBSIDIES MIGHT BE SUBJECT OF NEGOTIATION IN AGRICULTURE GROUP, PROGRESS ON SUBSIDIES ISSUE WILL HAVE TO BE SHOWN THERE AS WELL. RECOMMEND EC ACTIONS BE VIEWED WITH SKEPTICISM. HOWEVER, IN VIEW U.S. DEL IT WOULD BE PREMATURE TO CONCLUDE THAT NEGOTIATION WILL NOT BE SUCCESSFUL.

4. ALTHOUGH FORM OF EC REACTION IMPOSSIBLE TO PREDICT WITH ANY CRTAINTY, MY JUDGMENT ON CRITERIA COUNTERVAILING LAW PARA (C) IS THAT IMPOSITION COUNTERVAILING DUTIES ON DAIRY RUNS CLEAR RISK THAT THIS ACTION PRESENTLY "WOULD BE LIKELY TO SERIOUSLY JEOPARDIZE THE SATISFACTORY COMPLETION OF NTB NEGOTIATIONS" ESPECIALLY ON SUBSIDIES, ESPECIALLY IF EC ITSELF BELIEVED THAT IT HAD MADE GOOD FAITH EFFORTS TO MEET U.S. OBJECTIONS TO JULY 12 SYSTEM.

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5. U.S. MTN DEL HAS NO INFORMATION AVAILABLE UPON WHICH TO ADVISE ON COUNTERVAILING LAW PARA (A).

6. ABOVE VIEWS ARE PERSONAL ASSESSMENT IN RESPONSE TO MACDONALD REQUEST OF FEBRUARY 28. ASSUME STR ADVISING MACDONALD DIRECTLY.

7. REQUEST U.S. DEL BE KEPT CURRENTLY ADVISED OF
DEVELOPMENTS. WOLFF

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Message Attributes

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